

JEROME C. MUYS, JR. ATTORNEY-AT-LAW

DIRECT DIAL (202)424-7547

August 26, 1993

VIA FACSIMILE AND U.S. MAIL

Kevin T. Haroff, Esq. Morrison & Foerster 345 California Street San Francisco, CA 94104-2675

Re: Burbank Operable Unit/

San Fernando Valley Superfund Sites

Dear Mr. Haroff:

We are writing in response to your letter of August 20, 1993 to Pacific Airmotive Corporation ("PAC") regarding the San Fernando Valley Superfund matter. We are now representing PAC with respect to that matter.

Contrary to the understanding set forth in your letter, PAC has not been identified by EPA as a "responsible party" with respect to the San Fernando Valley Superfund Site. The EPA's May 2, 1989 Special Notice letter that you cite in your letter states merely that "EPA has information indicating that you may be a PRP at the San Fernando Valley Superfund Site Moreover, at a May 9, 1989 meeting with the Special Notice letter recipients, EPA and Department of Justice representatives stated that the PRPs for this site were designated based on evidence of soil contamination at their facilities and that EPA did not necessarily have evidence that the soil contamination had migrated to the groundwater. The EPA and Justice Department representatives confirmed that if a PRP could present convincing evidence that releases from its facility did not contribute to the groundwater contamination, the government would decline to pursue that party. Thus, EPA has made no determination that PAC is a "responsible party" and, in fact, chose not to include PAC in the group of respondents named in Administrative Order No. 92-12 cited in your letter.

As a reasonable inquiry would have disclosed, there is no evidence whatsoever in the EPA or State agency files (or elsewhere) demonstrating that PAC has contributed or is contributing to the groundwater contamination in the San Fernando Valley. At the direction of the Regional Water Quality Control Board, PAC has performed exhaustive soil and groundwater investigations at its Burbank facility and has found no evidence indicating that any contaminants that may be present in soils at

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the facility have migrated, or could reasonably be expected to migrate, to groundwater.

In addition, on July 29, 1993, PAC submitted to the California State Water Resources Control Board the results of an equilibrium partitioning analysis and fate and transport modeling based on the PAC facility data. That modeling conclusively demonstrates that the presence of low levels of VOCs in the shallow soils at the PAC facility does not pose an existing or future threat to groundwater. These results, and the data on which they are based, are a matter of public record in the State Board files.

In sum, your Group's costs were not incurred as a result of a release or threatened release from PAC's facility. PAC is not a "responsible party" with respect to the Site, and has no obligation under CERCLA section 107 for the costs of remediating the Site. Accordingly, PAC will not comply with your demand for reimbursement of the Group's costs. Moreover, PAC would vigorously defend any action by your Group seeking such costs, and would carefully consider the remedies available to it under the Federal Rules should the Group proceed against PAC notwithstanding the exculpatory evidence we have brought to your attention.

Very truly yours,

Jerome C. Muys, Jr.

cc: Thomas Mintz, Esq.
Richard H. Lange, Esq.
Thomas M. Downs, Esq.